

115TH CONGRESS
1ST SESSION

H. R. 1843

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 6, 2017

Received; read twice and referred to the Committee on Finance

AN ACT

To amend title 31, United States Code, to prohibit the Internal Revenue Service from carrying out seizures relating to a structuring transaction unless the property to be seized derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation, to require notice and a post-seizure hearing for such seizures, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Clyde-Hirsch-Sowers
5 RESPECT Act” or the “Restraining Excessive Seizure of
6 Property through the Exploitation of Civil Asset For-
7 feiture Tools Act”.

8 SEC. 2. INTERNAL REVENUE SERVICE SEIZURE REQUIRE-

9 MENTS WITH RESPECT TO STRUCTURING
10 TRANSACTIONS.

11 Section 5317(c)(2) of title 31, United States Code,
12 is amended—

13 (1) by striking “Any property” and inserting
14 the following:

16 (2) by adding at the end the following:

17 “(B) INTERNAL REVENUE SERVICE SEI-
18 ZURE REQUIREMENTS WITH RESPECT TO
19 STRUCTURING TRANSACTIONS.—

“(i) PROPERTY DERIVED FROM AN IL-
LEGAL SOURCE.—Property may only be
seized by the Internal Revenue Service
pursuant to subparagraph (A) by reason of
a claimed violation of section 5324 if the
property to be seized was derived from an

1 illegal source or the funds were structured
2 for the purpose of concealing the violation
3 of a criminal law or regulation other than
4 section 5324.

5 “(ii) NOTICE.—Not later than 30
6 days after property is seized by the Internal
7 Revenue Service pursuant to subparagraph
8 (A), the Internal Revenue Service
9 shall—

10 “(I) make a good faith effort to
11 find all persons with an ownership interest
12 in such property; and

13 “(II) provide each such person
14 with a notice of the seizure and of the
15 person’s rights under clause (iv).

16 “(iii) EXTENSION OF NOTICE UNDER
17 CERTAIN CIRCUMSTANCES.—The Internal
18 Revenue Service may apply to a court of
19 competent jurisdiction for one 30-day extension
20 of the notice requirement under
21 clause (ii) if the Internal Revenue Service
22 can establish probable cause of an imminent
23 threat to national security or personal
24 safety necessitating such extension.

1 “(iv) POST-SEIZURE HEARING.—If a
2 person with a property interest in property
3 seized pursuant to subparagraph (A) by
4 the Internal Revenue Service requests a
5 hearing by a court of competent jurisdiction
6 within 30 days after the date on which
7 notice is provided under subclause (ii),
8 such property shall be returned unless the
9 court holds an adversarial hearing and
10 finds within 30 days of such request (or
11 such longer period as the court may pro-
12 vide, but only on request of an interested
13 party) that there is probable cause to be-
14 lieve that there is a violation of section
15 5324 involving such property and probable
16 cause to believe that the property to be
17 seized was derived from an illegal source or
18 the funds were structured for the purpose
19 of concealing the violation of a criminal
20 law or regulation other than section
21 5324.”.

1 **SEC. 3. EXCLUSION OF INTEREST RECEIVED IN ACTION TO**
2 **RECOVER PROPERTY SEIZED BY THE INTER-**
3 **NAL REVENUE SERVICE BASED ON STRUC-**
4 **TURING TRANSACTION.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-
6 ter 1 of the Internal Revenue Code of 1986 is amended
7 by inserting before section 140 the following new section:

8 **“SEC. 139G. INTEREST RECEIVED IN ACTION TO RECOVER**
9 **PROPERTY SEIZED BY THE INTERNAL REV-**
10 **ENUE SERVICE BASED ON STRUCTURING**
11 **TRANSACTION.**

12 “Gross income shall not include any interest received
13 from the Federal Government in connection with an action
14 to recover property seized by the Internal Revenue Service
15 pursuant to section 5317(c)(2) of title 31, United States
16 Code, by reason of a claimed violation of section 5324 of
17 such title.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for part III of subchapter B of chapter 1 of such Code
20 is amended by inserting before the item relating to section
21 140 the following new item:

“Sec. 139G. Interest received in action to recover property seized by the Internal Revenue Service based on structuring transaction.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to interest received on or after the
3 date of the enactment of this Act.

Passed the House of Representatives September 5,
2017.

Attest: KAREN L. HAAS,
Clerk.